



## **Council Compensation Review Committee (CCRC)**

### **The City of Calgary's Compensation Philosophy**

At the 2017 March 24 meeting, the CCRC requested to know The City of Calgary's compensation philosophy. The following is how The City of Calgary determines compensation for employees.

The City is a large unionized organization with many lines of business and hundreds of different jobs. In order to ensure internal equity and external competitiveness for the jobs, The City has a compensation policy and corresponding processes and programs in place that aim to fairly classify jobs and create pay structures.

What is The City's compensation philosophy?

As stated in The City's Compensation Policy "The City offers compensation that will enable it to attract and retain well-qualified employees to pursue and achieve corporate objectives. The City does not intend to be a market leader; however, efforts are made to ensure pay structures are responsive to prevailing market conditions with a particular focus on the public sector and, as required, on local, regional and national market conditions."

In line with this philosophy, The City ensures that:

- compensation is consistent with The City's ability to pay;
- there are fair, gender neutral and consistently applied job evaluation systems to classify jobs and ensure there is internal equity and equal pay for work of equal value; and
- there is a definition of the external market where we compete for qualified employees; more specifically The City aims to pay our jobs at the median (or middle) of the external market which includes both public and private sector organizations.

In order to define the relevant external market, important considerations include reviewing economic conditions and the available job market as well as identifying organizations (both the public and private sectors) The City competes with for qualified employees. Once the market is defined, The City uses multiple sources of data (i.e. salary surveys) to collect information. Factors such as the survey size, organization scope (e.g. employee count, annual budget/revenues, and population), economic region, survey methodology and job matching procedures are important when selecting the most appropriate survey information to use.

The City compares their pay structures to the external market on a regular basis. This can be when economics conditions change significantly, as part of an annual or cyclical review or in preparation for union negotiations. Both internal and external experts are involved in this process to ensure fairness and impartiality.